1. GENERAL RULES

IATA agents are required to retain the valid Japanese travel agency license category 1/2/3.

2. CRITERIA FOR EVALUATION OF AGENTS’ ACCOUNTS

- Must have minimum paid-up share capital in the sum of JPY 10,000,000
- The financial statements must show minimum shareholders’ equity of JPY 44,000,000. Shareholders’ equity is defined as total assets minus total liabilities.
- Equity Ratio must exceed 10% and up

Equity Ratio is calculated by dividing the shareholders’ equity by the total assets.

3. FINANCIAL REVIEWS FOR STANDARD AGENTS WITH CASH FACILITY/MULTI-COUNTRY AGENTS

3.1 New Agents

Balance Sheet (BS), Profit & Loss Statement (PL), Statements of Shareholders’ Equity (SS) and the detailed statements, showing the most recent one full 12 months financial terms certified by an independent KONINKAIKEISHI (English Equivalent to Certified Public Accountant) or ZEIRISHI (English Equivalent to Certified Tax Accountant), must be submitted to IATA, together with the other application forms.

3.2 Existing Agents

Balance Sheet (BS), Profit & Loss Statement (PL), Statements of Shareholders’ Equity (SS), showing the most recent one term, must be submitted to IATA, within 4 months after the Agent’s accounting year-end. Certification concerning submitted Financial Statement with seal and/or stamp by an independent KONINKAIKEISHI or ZEIRISHI is mandatory.

4. FINANCIAL SECURITY

Notwithstanding the Risk Status of A, B or C, the Agent must furnish Financial Security covering all approved Head Entity and Associate Entity locations.

4.1 Financial Security is calculated as follows:

4.1.1 Equivalent to 17/365 15/365 on the basis of BSP cash sales over the last 12 months

4.1.2 more than JPY 5 million (minimum), but not more than JPY 500 million (maximum)

4.1.3 rounded up to the nearest JPY 1 million

4.2 When Financial security is provided in the form of Bank Guarantee, it must be issued by a bank having the valid license granted by the Japanese Government and its office is registered in Japan.

<Note>

When agents who fulfil all the following conditions in addition to 2, the financial security amount is reduced by 50%. Nevertheless, when 50% of 4.1.1 is less than minimum amount in 4.1.2, minimum amount applies. When 50% of 4.1.1 is more than maximum amount in 4.1.2, maximum amount applies.
1. Agent has been accredited for 2 years or longer.
2. The financial statements are audited by the independent KONINKAIKEISHI.
3. To satisfy the following financial index:
   (a) Net Equity divided by long-term liabilities must be greater than 0.5
   (b) EBITDA (Earnings Before Interest, Taxation, Depreciation, Amortisation and extraordinary items) must be positive
   (c) EBITDA must exceed the interest payable by a factor of a minimum of three
   (d) Current Assets must exceed Current Liabilities